

Declaration of Compliance with the Corporate Governance Principles in 2014

(This is a translation of the document issued originally in Polish language. The Polish original should be referred to in matters of interpretation)

Declaration of compliance with the corporate governance rules is presented in accordance with § 91 paragraph 5 (4) of the Resolution of the Minister of Finances of 19 February 2009 on the current and periodical information submitted by issuers of stocks as well as conditions for the recognition as equally important of information required by the regulations of the law of a country which is not a Member State.

1. Set of corporate governance rules applied

In 2014, the Company is subject to corporate governance rules described in the “Code of Best Practice for WSE Listed Companies” (**Code of Best Practice**) adopted by Resolution no. 12/1170/2007 of the WSE Supervisory Council (**WSE Council**) of 4 July 2007, subsequently amended by the Resolution no. 17/1249/2010 of the WSE Council of 19 May 2010, Resolution no. 15/1282/2011 of the WSE Council of 31 August 2011, Resolution no. 20/1287/2011 of the WSE Council of 19 October 2011 and Resolution no. 19/1307/2012 of the WSE Council of 21 November 2012 (with proviso that the changes introduced in 2012 are applicable from 1 January 2013).

The Company’s Management Board, within the competencies granted to it by the Articles of Association and the generally binding legal regulations, exercises due care in order to ensure the Company’s compliance with the Code of Best Practice to the greatest extent possible. The number and scope of principles, which were not applied in 2014, was subject to decrease in relation to the previous year. The Company’s Management Board makes all exceptional efforts in order for the Company’s information policy towards investors, both individual and institutional, comprising the execution of guidelines included in the Code of Best Practice, to be compliant with the expectations. Furthermore, due to reasons beyond the Company’s control, not all principles included in the Code of Best Practice are applied.

The Code of Best Practices is published on the website of the Warsaw Stock Exchange at the following address (<http://corp-gov.gpw.pl>).

2. Set of corporate governance rules not applied

Presented below are corporate governance rules, which the Company has not complied with in its activities in 2014, together with an explanation of the Company's position for each specific departure.

Recommendation I.5 of the Code of Best Practice

A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. The Commission Recommendation of 14 December 2004 on fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.

Reasons for non-compliance with recommendation I.5 of the Code of Best Practice:

The Company has not applied the above-mentioned recommendation with respect to members of management and supervisory bodies. In accordance with the Company's Articles of Association, both the remuneration as well as other terms of employment of a given member of the Company's Management Board are determined by the Supervisory Council on an individual basis. The principles regarding the remuneration of Supervisory Council members are determined by the Company's General Shareholders' Meeting in the form of resolutions. The main criteria for determining the remuneration of members of management and supervisory bodies include their competencies, skills and responsibilities.

The Company would like to emphasise that the remuneration of the Company's management and supervisory personnel as well as other benefits granted to such personnel during the financial year are published by the Company in the annual report.

The Company believes that it applies a transparent remuneration policy.

Recommendation I.9 of the Code of Best Practice

The WSE recommends that public companies and their shareholders ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' business.

Reasons for non-compliance with recommendation I.9 of the Code of Best Practice:

The Company has not fully complied with the above-mentioned principle. Until 2 December 2014, majority of positions in the Company's Board were held by women (whereas the number of Board members is uneven, thus it is impossible to have full balance). As of 31

December 2014 and as of the date of development of this Statement, the Company's Board features balance in terms of gender. The Supervisory Council on the other hand features only men. However, the Company would like to ensure that such objective criteria as: knowledge, experience, competencies, and skills required for a given position are critical in the selection of its management and supervisory personnel. These criteria ensure an effective and efficient functioning of the Company and implementation of the adopted strategy to the greatest extent possible.

Principle II.1.1) of the Code of Best Practice

A company should operate a corporate website and publish on it, in addition to information required by legal regulations: basic corporate regulations, in particular the articles of association and the regulations of the company's bodies.

Reasons for non-compliance with recommendation II.1.1) of the Code of Best Practice:

The Company includes its Articles of Association, the Regulations of the Supervisory Council, as well as the Board Regulations on its website. The Company declares to include the Regulations of the Shareholders' General Meeting as soon as it is developed and approved, thus complying with the above principles in full.

Recommendation I.12 of the Code of Best Practice:

A company should enable its shareholders to execute the right of ballot, whether in person or via a proxy, in a General Meeting using electronic communication means.

Principle II.1.9a) of the Code of Best Practice

A company should operate a corporate website and publish on it, in addition to information required by legal regulations: the general meeting deliberation log, in an audio or video form.

Principle IV.10 of the Code of Best Practice:

The Company should guarantee the shareholders the ability to participate in the general meeting using electronic communication means, consisting of:

- 1) real-time broadcasts from the deliberations of the general meeting,
- 2) real-time two-way communication, during which the shareholders can express their opinion in the course of the general meeting when being in a different location than the location of the deliberations.

Reasons for non-compliance with recommendation I.12, principle II.1.9a and principle IV.10 of the Code of Good Practices:

Taking into consideration the Company's experience, according to which most of the Company's shareholders directly participate in the deliberations of the General Meeting as well as the fact that the recording of the course of the general meeting and guaranteeing the ability to participate in the General Meeting with the use of electronic communication means could be involved with substantial costs and potential difficulties of organisational and technical nature, the Company does not log and broadcast the course of the general meeting.

The Company's Articles of Association provides the ability to exercise the right of ballot personally or via a proxy in the course of the General Meeting, outside its location, with the use of electronic communication means. The Supervisory Council decides to conduct the General Meeting with the use of electronic communication means.

In the view of the Company, the decision about the use of electronic communication means during the General Meeting depends on the notification about such need by a bigger group of the Company's shareholders. In case of such a need, the Company will consider all possibilities and available solutions, on the basis of, among others, the market practice.

3. Description of the main characteristics of internal control and risk management systems in relation to the process of financial statement and consolidated financial statement development

The process of development of the Company's financial statements as well as the Capital Group's consolidated financial statements takes place with the use of internal control and risk management mechanisms, such as: Company's internal procedures, mechanisms introduced for management of the IT systems used for registration and development of statements, as well as protection mechanisms, principles of supervision over the financial statement preparation, principles of verification and evaluation of statements, internal auditing, as well as other control elements.

The development of the Company's financial statements, as well as Capital Group's consolidated financial statements is executed in an orderly manner, pursuant to the organisational structure of the Company and Group. The management accounting tools and IT systems introduced in the Company and Group for the purpose of registration of economic events in books of account provide the basis for the evaluation whether the Company's financial statements and the Group's consolidated financial statements are developed in a reliable manner, as well as whether they include all material data, which is necessary for the determination of the Company's and Group's financial and economic position.

The primary regulations in the scope of financial statement development include: The International Financial Reporting Standards (IFRS) approved by the European Union, accounting policy in accordance with the ZE PAK Capital Group's MSSF, the Accounting Act of 29 September 1994, procedure of closure of books of account in the Capital Group, as well as the financial statement and consolidated financial statement development requirements imposed by the Warsaw Stock Exchange.

As of the date of development of this statement, the Company did not make a decision on the keeping of books of account in the Group pursuant to the IFRS standards. Therefore, the process of financial statement development in the Group takes place in two stages. First, all the companies in the Group develop their own individual statements pursuant to the Polish accounting standards. These statements are approved by the boards of the companies provided that they fulfil the conditions for the audit. Then the companies transform their individual statements for the purpose of the Group's consolidation, pursuant to the Accounting policy agreed for the Group in accordance with the IFRS standards, by using the so called sheets of transition into IFRS statements. Such developed individual statements are the basis for developing the Group's consolidated financial statement.

The Group's consolidated statement is developed on the basis of the SAP BPC IT system. The system includes a separate central unit in the parent company, connected with accounting departments in particular subsidiaries. The consolidation process is commenced by the central unit by enabling companies to enter data into the system and the subsidiaries are obviously able to access their historic data at any moment, however without the ability to correct them. The central unit constantly monitors the entry of data by the companies. After entering individual data, the central unit commences the consolidation process. This process is based on defined business principles which determine the contents of consolidation adjustments. Additionally, the consolidation process enables entry of manual adjustments by the central unit, if necessary. The effect of completion of the consolidation process is a complete financial statement package including explanatory notes in Excel files, which are exported to a Word file after verification.

The Board is responsible for the Company's internal control system and for its effectiveness in the process of development of financial statements and periodical reports developed and published in accordance with the Resolution of the Minister of Finances of 19 February 2009 on the current and periodical information submitted by issuers of stocks, as well as conditions for the recognition as equally important of information required by the regulations of the law of a country not comprising a Member State.

The technical supervision over the process of development of the Company's and Group's financial statements and periodical reports is executed by the Vice-President of the Board, who is responsible for financial issues. The organisation of works related to the development of financial statements is the responsibility of the Company's Principal Accountant, who

manages the Accounting and Reporting Department and who reports directly to the Vice-President of the Company's Board.

The Company's effective internal control and risk management systems related to the process of financial reporting is ensured thanks to the following aspects:

- development of procedures specifying the principles and division of responsibility for the development of financial statements,
- specification of the scope of reporting pursuant to the mandatory International Financial Reporting Standards as well as International Accounting Standards,
- development, introduction and execution of supervision over the use by the Capital Group's companies of coherent principles of accounting, as well as
- semi-annual inspections and annual studies of the published financial statements of ZE PAK S.A. and Capital Group by an independent auditor.

Annual and semi-annual financial statements are subject to an independent auditing and inspection by external statutory auditors, who give an opinion on the reliability, correctness, and clarity of such a statement, as well as correctness of books of account comprising the basis for the development of such a statement.

The choice of the statutory auditor is made by the Supervisory Council pursuant to the Board's request, from a group of reputable auditing companies, which guarantee high service standards and the required independence.

The audits are conducted in accordance with the following provisions:

- chapter 7 of the Act of 29 September 1994 on Accounting,
- standards related to the practice of the profession of statutory auditor, issued by the National Chamber of Statutory Auditors.

The audits, in particular, include the verification of the correctness of the accounting and significant estimates principles used by the Company and the Group, verification – in a random manner – of accounting records and entries, which provide the numbers and information included in the financial statement, as well as the overall evaluation of the financial statement.

The Company's and Group's financial results are regularly monitored during the accounting year and are subject to periodical evaluation made by the Supervisory Council. During regular sessions of the Council, the Company's Board provides information regarding the current financial position of the Company and the ZE PAK Group.

The Company's and Group's task is to develop a financial statement which includes numerical data and wordy clarifications which:

- reliably and clearly present all information which are significant for the evaluation of the financial and economic position for the given day, as well as the financial result for the given period,

- were developed correctly in all significant aspects, i.e. in accordance with the accounting principles, resulting from the International Accounting Standards, International Financial Reporting Standards, as well as the interpretations related to them and published in the form of European Commission resolutions, as well as according to the requirements of the Accounting Act and executive regulations issued on the basis of that Act, as well as on the basis of correctly kept books of account,
- are compliant with the regulations of law and provisions of the Company's articles of association, which affect the contents of the financial statement.

The Company and the Group has documentation which describes the accounting principles adopted by them, specified in Article 10 of the Accounting Act. The applied principles of cost accounting, assets and liabilities quotation, as well as determination of the financial result are in accordance with the International Accounting Standards, as well as the regulations of the Accounting Act.

The Board is responsible for the correct keeping of the Company's and Group's accounting. The Company keeps the books of account in an integrated IT system. The system, similarly to the aforementioned statement consolidation system, guarantees the division of competencies, coherence of activity entries in the books, as well as the control between the main book of account and the auxiliary books. The conducted registration allows to determine the financial result, VAT tax, as well as other budget liabilities. The account registration ensures the correctness and completeness of the entries. The chronology of economic events is kept. Entries in the books of account reflect the actual state of affairs, data are entered in a complete and correct manner, on the basis of accounting records qualified for entry. The continuity of entries and the correctness of the applied procedures is ensured. The accounting records fulfil the requirements of the Accounting Act. The books of account are kept in the Company's registered office. It is possible to modify the operation of the system in order to ensure the adequacy of technical solutions to the changing accounting principles and legal standards. The system includes documentation regarding the end users, as well as the technical part. The system's documentation is subject to periodical verification and updating. The Company introduced organisational and system solutions to ensure the proper use and protection of data access protection systems and hardware. The access to the financial registration system resources is limited with the use of proper enhancements which are provided to authorised employees only in the scope of their responsibilities and activities.

The Company also features internal auditing, the aim of which is to execute independent and objective evaluation of the risk management and internal control systems. Internal auditing is conducted on the basis of the auditing regulations. Auditing executes planned and temporary auditing tasks both in the parent company, as well as in the Group's companies. The auditing plans are developed on the basis of risk analyses. The audit results are reported

to the Company's Board. Information on the activities of internal auditing are also the subject of works of the Auditing Committee.

As part of the control activities, the periodical management reporting is subject to evaluation in terms of rationality of information included in it, especially in terms of the analysis of deviations from provisions adopted in the financial plans.

4. Shareholders with significant blocks of shares

The below table presents the shareholders with significant blocks of shares, in accordance with the Company's knowledge, based on the notifications submitted to the Company.

Table 1: Shareholders holding, either directly or indirectly, significant blocks of shares in accordance with the Company's knowledge as of 31 December 2014

Shareholder	Number of shares	Percentage share in the share capital	Number of votes	Percentage share in the share capital
Zygmunt Solorz-Żak*(indirectly) through: Elektrim S.A., Embud Sp. z o.o., Argumenol Investment Company Limited.	26 200 867	51,55%	26 200 867	51,55%
ING Otwarty Fundusz Emerytalny**	5 068 410	9,97%	5 068 410	9,97%

* In accordance with the notification of 7 January 2015.

** In accordance with the notification of 6 November 2014.

5. Holders of stocks giving special control rights

As of 31 December 2014 and as of the date of development of this statement, the Company has not issued stocks giving special control rights.

6. Limitations in the execution of the right of ballot

According to the Company's Articles of Association and other internal documents of the Company as of 31 December 2014 and as of the date of development of this report, there are no limitations regarding the execution of the right of ballot.

7. Limitations regarding the transfer of right of ownership to stocks

As of 31 December 2014 and as of the date of development of this statement, the Company does not include any limitations regarding the transfer of right of ownership to Company's stocks.

8. Principles for the appointment and dismissal of management and supervisory personnel

Management Board

The Management Board is comprised of 3 to 6 members appointed for joint term. The composition of the Management Board includes: President of the Board, Vice-Presidents, as well as other members of the Board. The number of Board members and their functions are specified by the Supervisory Council. The Management Board's term is five years. The Board's President, Vice-Presidents, as well as other members are appointed and dismissed by the Supervisory Council during a secret ballot. The Board's President, Vice-Presidents, as well as other members can also be dismissed or suspended in duties during the General Meeting.

The Board administers the Company's cases and represents the Company. The Board acts pursuant to the Board's Regulations which specifically determine the Board's action mode. The Regulations are established by the Board and approved by the Supervisory Council by way of a resolution.

The Board's resolutions are required for cases exceeding common management, which especially include:

- 1) resolution and changes in the organisational regulations which specify the organisation of the Company's entrepreneurship,
- 2) contracting credits and loans,
- 3) proxy establishment,
- 4) granting credit guarantees and sureties,
- 5) acquisition and disposal of property, right of perpetual usufruct or share in property or perpetual usufruct.
- 6) decisions in cases, the value of which exceeds PLN 500,000.00. The value of transactions expressed in foreign currencies is subject to conversion according to the average exchange rate of the National Bank of Poland (NBP) of the date of resolution passing.

The Board's resolutions are also required for cases in which the Board addresses the General Meeting and the Supervisory Council.

Supervisory Council

The Supervisory Council is comprised of 5 to 14 members appointed for joint term. The Council's term is five years. The members of the Supervisory Council are appointed and dismissed during the General Meeting. The General Meeting, prior to the appointment of the Council's members for a new term, specifies the number of members of the Council. The Council appoints the President, Secretary, Vice-President or, if deemed reasonable, two Vice-Presidents, among its members in a secret ballot.

The composition of the Council should include two members who fulfil the independence criteria projected for an independent Council member within the meaning of the Commission's Recommendation of 15 February 2005 regarding the role of non-executive directors or directors acting as members of supervisory councils in stock exchange listed companies and the (supervisory) council's committee (2005/16/EC) with consideration of Good Practices of the Warsaw Stock Exchange Listed Companies ("Independent Supervisory Council Members"). A candidate for the Independent Supervisory Council Members provides the Company, prior to his/her appointment as a Council member, with a written declaration on the fulfilment of the independence criteria.

The Council supervises the Company's activities in all areas of its operation.

The Council's rights especially include:

- 1) approval of the Board's Regulations and giving opinion on the organisational regulations, which specify the organisation of the Company's entrepreneurship,
- 2) conclusion, termination, and amending agreements with the Board members, as well as establishment of the Board's remuneration principles and the remuneration amounts for the Company's Board members,
- 3) appointment and dismissal of the Board's President, Vice-Presidents, as well as other Board members in a secret ballot,
- 4) suspension in duties due to significant reasons, in a secret ballot, of the Board's President, Vice-Presidents, as well as other Board members, or the entire Management Board,
- 5) delegation of a Council member or members for temporary execution of Board member activities in case of suspension of Board members or the entire Management Board,
- 6) selection of the entity authorised to audit the Company's financial statements,
- 7) evaluation of the Board's report from the Company's activities or financial statement for the previous accounting year,
- 8) evaluation of the Board's conclusion regarding the division of profit or loss coverage,

- 9) submission to the General Meeting of the written annual report on the results of evaluations specified in paragraph 7 and 8,
- 10) submission to the General Meeting of the annual brief evaluation of the Company's situation, as well as the annual report on the Council's work,
- 11) giving opinion on cases submitted by the Board and comprising the subject of the General Meeting's resolutions,
- 12) approval of the Company's and ZE PAK Capital Group's perennial activity programs, including the Company's and ZE PAK Capital Group's activity strategies, developed by the Board, and
- 13) approval of the Company's annual activity programs, as well as the Capital Group's annual activity programs, especially including production plans and revenues, type cost plans, unit cost plans, remuneration plans, investment plans, as well as renovation and maintenance service plans.

The Council's competencies also include giving the Board an approval:

- 1) to participate in other companies and disposal of shares in other companies,
- 2) to establish foreign branches,
- 3) to make advanced payments for dividends,
- 4) for the Company to execute activities which result in incurring liabilities, except for:
 - a) activities provided in the Company's annual activity program approved by the Council,
 - b) activities resulting in incurring liabilities with a value of up to PLN 1,000,000, including granting sureties or guarantees as well as suretyship,
- 5) acquisition and disposal of property, right of perpetual usufruct or share in property or perpetual usufruct with a value exceeding PLN 1,000,000,
- 6) conclusion by the Company and an affiliate of a major agreement within the meaning of the regulations regarding the current and periodical information provided by issuers of stocks accepted for trade in a regulated market, excluding typical agreements concluded by the Company pursuant to market conditions, within the conducted operational activities,
- 7) designation by the Board of personnel acting in the bodies of companies or other entities in which the Company has a direct or indirect share, as well as
- 8) establishment by the Board of the manner of ballot execution during the General Meeting or the Meeting of Partners in companies, in relation to which the Company is a parent company or an affiliate within the meaning of the Code of Commercial Companies, in the following cases:
 - a) disposition and lease of the company's entrepreneurship or its organised part, establishment of a limited property right for them, as well as execution of other activities related to the acquisition or administration of the company's asset components which comprise the subject of the General Meeting's or Meeting of Partners' deliberations,
 - b) company's termination or liquidation,

- c) amendment of the company's articles of association or deed
- d) company's merger, division or transformation, as well as
- e) increase or decrease in the company's share capital.

Pursuant to the Board's application, the Supervisory Council grants Board members the approval to take positions in the bodies of companies, in which the Company holds shares, as well as for the collection of remuneration for acting in these positions.

9. Composition, its changes as well as description of the management and supervisory bodies

Management Board

The Company's Board composition was as follows at the beginning of the accounting year of 2014:

- 1) Katarzyna Muszkat – President of the Board,
- 2) Anna Striżyk – Vice-President of the Board,
- 3) Piotr Jarosz – Vice-President of the Board.

On 2 December 2014, the ZE PAK S.A.'s Council passed the Resolution on appointing Mr Sławomir Sykucki as a member of the Company's Board, and entrust him with the function of the Vice-President of the Board, as well as management of the owner's supervision, restructuring and environmental protection in the Company.

Since 2 December 2014, the Company's Board has acted in the following composition of four persons:

- 1) Katarzyna Muszkat – President of the Board,
- 2) Anna Striżyk – Vice-President of the Board,
- 3) Piotr Jarosz – Vice-President of the Board.
- 4) Sławomir Sykucki – Vice-President of the Board.

The Company's Management Board acts pursuant to the Act of 15 September 2000 (Code of Commercial Companies), as well as other regulations of the law, the provisions of the Company's Articles of Association, as well as ZE PAK S.A.'s Regulations of the Board.

In 2014, the ZE PAK S.A.'s Board held 44 sessions, during which it passed a series of decisions documented in protocols. During the reporting period, the Board passed a total of 407 resolutions. All resolutions and recommendations of the ZE PAK S.A.'s Board have been executed or are undergoing execution by the appropriate organisational units of the Company.

Supervisory Council

The Company's Supervisory Council did not include any changes during the reporting period. The ZE PAK S.A.'s Supervisory Council composition was as follows at the beginning and end of the accounting year of 2014:

- 1) Zygmunt Solorz-Żak – President,
- 2) Henryk Sobierajski – Vice-President,
- 3) Wojciech Piskorz - Secretary,
- 4) Leszek Wysłocki,
- 5) Lesław Podkański,
- 6) Ludwik Sobolewski,
- 7) Tomasz Zadroga,
- 8) Wiesław Walendziak.

The Council members that fulfil the independence criteria are Mr. Ludwik Sobolewski and Mr. Lesław Podkański.

In the sequence of their code and statutory obligations, the Council held five sessions and passed a total of 32 resolutions. The Council executed its statutory obligation of holding a session in each quarter.

In the reporting period, the Council jointly executed constant supervision over the Company's activities in all fields of operation. The Council focused especially on the following issues:

- 1) evaluation of statements developed for the accounting year of 2013,
- 2) giving an opinion on the Company's new organisational structure,
- 3) approval of the Company's budget for 2014 and control over its execution, especially the conditions in the scope of energy production and results obtained by the Company from own and foreign electricity sale, including electricity produced from renewable energy sources,
- 4) giving an opinion on the applications submitted by the Board in regard to cases related to the Company's current activities;
- 5) appointing a new member of the Board of ZE PAK S.A.
- 6) project of construction of the steam and gas unit in the Konin Power Plant

In the accounting year of 2014, ZE PAK S.A.'s Supervisory Council Audit Committee held three sessions and passed a total of 3 resolutions. During the conducted sessions, ZE PAK S.A.'s Supervisory Council Audit Committee discussed with the statutory auditor, among others, the results of the audit of the financial statement for 2013, and inspection of interim financial statements for 2014. The Audit Committee also dealt with the case of selection of the entity authorised to audit financial statements developed for 2014 and issues related to risk management and functioning of internal auditing in the Company.

10.Procedure and basic powers of the General Meeting as well as description of shareholders' rights and their exercise

General Meeting

The General Meeting is held in cases specified in the Code of Commercial Companies and in the Company's Articles of Association. The General Meeting is held in principle by the Company's Board and deliberates, and an ordinary or extraordinary meeting. In case of summoning the General Meeting by an entity or body other than the Company's Board, the Board is obligated to cooperate with the entity or body in order to execute any activities specified by the law as necessary to summon, organise, and execute the General Meeting. Since the first day of listing of the Company's shares in the regulated market of the Warsaw Stock Exchange Joint-stock Company, the General Meetings can take place with the use of electronic communication resources. The decision on arranging the General Meeting using electronic communication devices is made by the Company's Supervisory Council.

The General Meeting takes place in Warsaw or in the Company's registered office.

The ZE PAK S.A.'s General Meeting is summoned by notification placed on the Company's website and in a manner specified for provision of current information in accordance with the regulations on public bidding and conditions for introducing financial instruments to the organised trade system and on public companies.

The materials made available to shareholders in relation to the General Meeting, including drafts of resolutions proposed for passing, as well as other important materials are made available by the Company on the <http://ri.zepak.com.pl/> website.

The basic competencies of the General Meeting include:

- 1) examination and approval of the Board's report on the Company's activities, as well as the financial statement for the previous accounting year, as well as acknowledgement of the fulfilment of duties by the Company's body members,
- 2) division of profit and loss coverage,
- 3) change in the subject of the Company's activities,
- 4) amendments to the Company's Articles of Association,
- 5) increase or decrease in the share capital,
- 6) authorisation of the Board to acquire own shares for the purpose of redemption,
- 7) appointment and dismissal of Council members,
- 8) establishment of the remuneration of Council members,
- 9) Company merging, division and transformation,
- 10) Company termination and liquidation,
- 11) emission of convertible bonds or bonds with right of priority and subscription warrants,
- 12) sale or lease of the company or its organised part as well as establishment of a limited property right for them,

- 13) establishment and cancellation of the Company's capitals and funds,
- 14) conclusion by the Company of a credit, loan, surety agreement, or a similar agreement with a member of the Company's Board, Supervisory Council, proxy or liquidator, or for any of this personnel,
- 15) conclusion by an affiliate of a credit, loan, surety agreement or a similar agreement with a member of the Company's Board, Supervisory Council, proxy or liquidator, or for any of this personnel,
- 16) any provisions regarding claims the remedy of damage done during the Company's establishment or executing management or supervision, and
- 17) use of the share capital.

The active right to participate in the General Meeting is available to persons being the shareholders, 16 days prior to the General Meeting. The condition of admitting a shareholder to participate in the General Meeting is the submission of a registered certificate regarding the right to participate in the General Meeting, which is issued by the entity that keeps the stocks account.

The shareholder participates in the General Meeting's deliberations and executes the right of ballot in person or via an authorised representative.

The shareholder who represents at least 1/20 of the Company's share capital is entitled to request specific cases to be included in the Company's General Meeting agenda. The request should be reported to the Company's Board no later than 21 days prior to the Company's General Meeting.

The shareholder, who requests to include specific cases in the General Meeting's agenda, should demonstrate the possession of the proper number of shares at the date of request submission, including a deposit certificate to the request, issued by the entity keeping the stocks account.

The shareholder representing at least 1/20 of the Company's share capital can submit resolution drafts regarding the cases introduced into the General Meeting's agenda, or cases, which are to be introduced into the agenda in a written or electronic form prior to the date of the General Meeting.

Each of the shareholders authorised to participate in a general meeting can provide the resolution drafts regarding the cases introduced into the agenda during the Company's General Meeting.

The General Meeting's resolutions are passed with a majority of 75% votes, provided that the Code of Commercial Companies does not specify otherwise. Each Company's share entitles to a single vote at the General Meeting.

11. Description of the amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association, in accordance with the Code of Commercial Companies and provisions of the Company's Articles of Association, require the General Meeting to pass a suitable resolution and an entry into the register of entrepreneurs. The General Meeting can authorise the Company's Supervisory Council to develop a uniform text of the amended articles of association, or to introduce editorial changes specified in the General Meeting's resolution. Amendments to the Articles of Association are binding since the moment of entry into the register of entrepreneurs.

12. Principles for determining and the amount of remuneration for the management and supervisory personnel

The ZE PAK S.A.'s Supervisory Council establishes the principles of remuneration of the Company's Board members pursuant to the regulations of the Code of Commercial Companies and the Company's Articles of Association.

The total amount of remuneration, understood as the value of remuneration, bonuses and benefits received in cash, in kind or in any other form, paid by the Company and the Company's subsidiaries to the Board members amounted to PLN 3,116,626.36 in 2014. The amount given must be treated as the gross value of remuneration paid, or to be paid in the period between January and December 2014.

The Company does not have a motivational or bonus program based on the Company's capital.

Table 2: Information on the value of remuneration as well as the value of non-cash benefits paid by the Company as well as the Company's subsidiaries to all acting Board members in 2014

Name and surname of the Board member	Value of (gross) remuneration paid by the Company and the Company's subsidiaries in PLN in 2014	Total estimated value of non-cash benefits granted by the Company and the Company's subsidiaries in 2014 (mostly employee pension fund) in PLN
Katarzyna Muszkat	1 018 422,62	74 780,62
Anna Striżyk	796 094,33*	57 359,80
Piotr Jarosz	781 512,53**	51 799,19
Sławomir Sykucki	336 657,27***	

* including PLN 15,000.00 for being a member in the subsidiary's Board

** including PLN 71,942.55 for being a member in the subsidiary's Board

*** entirety for being a member in the subsidiary's Board

Table 3: Information on the value of remuneration as well as the value of non-cash benefits paid by the Company as well as the Company's subsidiaries to all acting Supervisory Board members in 2014

Name and surname of the Supervisory Board member	Value of (gross) remuneration paid by the Company and the Company's subsidiaries in PLN in 2014	Total estimated value of non-cash benefits granted by the Company and the Company's subsidiaries in PLN in 2014
Zygmunt Solorz-Żak	180 000,00	0
Henryk Sobierajski	120 000,00	0
Wojciech Piskorz	120 000,00	0
Leszek Wysocki	120 000,00	0
Lesław Podkański	120 000,00	0
Wiesław Walendziak	120 000,00	0
Tomasz Zadroga	120 000,00	0
Ludwik Sobolewski	120 000,00	0

The remuneration of the ZE PAK S.A.'s Supervisory Council members is determined by the General Meeting by way of a resolution, in accordance with the regulations of the Code of Commercial Companies and the Company's Articles of Association.

Agreements concluded between the Company and the management personnel include severance payments in the amount equal to 6-months gross remuneration in case of dismissal of a person from the Company's board. The severance payment is not applicable in case the dismissal from the board takes place due to reasons applicable to the dismissed persons, especially due to reasons specified in the regulation of Article 52 of the Code of Labour.

The total amount of remuneration, understood as the value of remuneration, bonuses and benefits received in cash, in kind or in any other form, paid by the Company and the Company's subsidiaries to the Council members amounted to PLN 1,020,000.00 in 2014. The amount given must be treated as the gross value of remuneration paid or to be paid in the period between January and December 2014.